

Message Text

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ACTION STR-04

INFO OCT-01 IO-13 ISO-00 STRE-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

AF-08 ARA-06 EA-07 EUR-12 NEA-10 /137 W

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R 221342Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1778

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STR FOR ACTION

E.O.11652: N/A

TAGS: ETRD GATT

SUBJECT: GIM II -GATT WANTS OUT

1. GATT DDG (PATTERSON) CALLED JULY 22 TO REPORT THAT THE SECRETARIAT HAS DECIDED TO WITHDRAW FROM THE GIM-II PROJECT AND WISHES TO BEGIN DISCUSSIONS WITH US MTN DEL ON HOW BEST TO PROCEED IN ORDER TO EFFECT DISENGAGEMENT AS SOON AS POSSIBLE. PATTERSON GAVE THREE REASONS:

(A) TECHNICAL PROBLEMS: THESE KEEP CROPPING UP ALL THE TIME; THE SECRETARIAT IS DOUBTFUL THAT GIM-II SYSTEM CAN BECOME OPERATIONAL BEFORE MTN IS EXPECTED TO BE COMPLETED; THE SECRETARIAT'S IMPRESSION IS THAT TRW NOT REALLY INTERESTED IN MAKING ANY SPECIAL EFFORT TO SERVICE GIM-II BECAUSE THIS CONTRACT IS SO SMALL;

(B) PARTICIPATION: SECRETARIAT NOTES NO CP HAS EXPRESSED ANY INTEREST IN SYSTEM AND SECRETARIAT CONSIDERS
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ITSELF A BIT VULNERABLE SPENDING FUNDS CONTRIBUTED BY

ALL CPS FOR A PROJECT APPARENTLY OF NO INTEREST TO OTHERS;

C(C) ADMINISTRATIVE AND OTHER FRICTIONS: GIM-II PROJECT FROM VERY START HAS CREATED SERIOUS FRICTIONS WITHIN GATT SECRETARIAT ITSELF AND BETWEEN SECRETARIAT AND SEVERAL DELEGATIONS.

2. SUMMING UP THE FOREGOING, PATTERSON SAID SECRETARIAT HAD ORIGINALLY HOPED GIM-II SYSTEM WOULD LEAD TO COOPERATIVE EFFORT AT EXPERT LEVEL BETWEEN MAJOR DELEGATIONS AND SECRETARIAT IN BUILDING A COMMON DATA BASE FOR LONG-TERM FUTURAL AS WELL AS A TOOL TO FACILITATE NEGOTIATIONS DURING MTN. UNFORTUNATELY NONE OF THESE OBJECTIVES HAVE BEEN MET AND SECRETARY CONSIDERS NONE WILL BE REALIZED BECAUSE OF FEYITED ABOVE.

LPATTERSON I WOULD REPORT THE FOREGOING AND WAS CONFIDENT WE WOULD COOPERATE WITH THE SECRETARIAT IN ARRANGING AN ORDERLY TERMINATION THROUGH THE PARTICIPATION IN GIM-II.

4. COMMENT: (A) THIS DECISION OF SECRETARIAT HAS BEEN EXPECTED FOR SOME TIME. SINCE DROPOUT OF ECT SOME MONTHS AGO, SECRETARIAT HAS BEEN NERVOUS ABOUT HAVING GIM-II RELATIONSHIP ONLY WITH US. IT HAS USED EXCUSE OF TRW NOT PROVIDING MARGINAL GIM-II FUNCTIONS AS EXCUSE TO SAY THAT GIM-II NOT "OPERATIONAL" AND TO FORM MAJOR BASIS FOR WITHDRAWAL.

(B) I BELIEVE WE SHOULD AVOID A PRECIPITOUS DECISION TO APPROACH UNCTAD ABOUT POSSIBLE PARTICIPATION IN GIM-II. A POTENTIAL SAVINGS TO US OF SOME \$50,000 ANNUALLY BY COST-SHARING SEEMS PRETTY SMALL TO ME IN RELATION TO RISK THAT WE MAY BE EQUIPPING UNCTAD SECRETARIAT WITH A TECHNICAL TOOL THAT CAN BE USED AGAINST US DURING THE FINAL PHASES OF MTN. UNCTAD SECRETARIAT IS NOT A NEUTRAL SERVICING BODY BUT A PROTAGONIST FOR LDC INTERESTS. POTENTIAL FOR GIM-II DATA BASE GIVING UNCTAD SECRETARIAT ADDITIONAL CAPABILITY TO PRODUCE RAPID VALUATION OF OFFICIAL USE

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TION OF TARIFF CUTS AS THEY AFFECT TRADE INTEREST IN A PARTICULAR PRODUCT FOR A PARTICULAR LDC MAY GIVE US LOTS OF PROBLEMS BY PUTTING US ON DEFENSIVE VIS-A-VIS LDC CRITICISM WHEN OUR OWN TRADE INTERESTS TOWARD END OF MTN WILL BE HEAVILY CONCENTRATED ON ATTEMPTING TO STRIKE A DEAL WITH EC AND JAPAN. MOREOVER, WE WOULD ANTICIPATE ADMINISTRATIVE BURDEN ON MTN DEL OF DEALING WITH UNCTAD SECRETARIAT WILL BE A VERY LARGE MULTIPLE OF THE PROBLEMS

WE HAVE HAD WITH THE MUCH SMALLER AND THEORETICALLY
NEUTRAL GATT SECRETARIAT.WALKER

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